

LGST-213-001: LEGAL ASPECTS OF ENTREPRENEURSHIP
COURSE SYLLABUS SPRING 2019, E. Carolyn Hochstadter, Esquire
THE WHARTON SCHOOL LEGAL STUDIES & BUSINESS ETHICS DEPARTMENT

Wharton Office: 631 John M. Huntsman Hall

Office Hours: Tuesday/Thursday by appointment

Contact: hochstad@wharton.upenn.edu; 609.315.2787

Class Hours/Location: Tuesday/Thursday 10:30 a.m.-11:50 p.m. JMHH F36

Course Description: This practical course examines the critical legal issues confronting entrepreneurs with a focus on innovation. Students will learn to use the law to capture and create value, while spotting legal issues and working efficiently with a lawyer to manage risk. The course covers the entire lifecycle of a business and addresses cutting edge topics such as robo advisor and cryptocurrency regulation, international transactions, private public partnerships, forced arbitration, fintech, cybersecurity and privacy, as well as the basic start-up topics of protection and licensing of intellectual property -- patents, trade secrets, copyrights and trademarks -- drafting of non-competition, invention assignment and confidentiality agreements, strategizing as to the tax benefits of LLCs vs. Corporations, raising capital through crowdfunding, angel and venture capital financing, effecting merger and acquisition synergies, hiring talent, handling harassment and discrimination issues, and navigating creditors and bankruptcy. Students will read cases, draft term sheets and engage in mock litigation.

Testimonial!

“Since graduation, I've been working in commercial banking. LGST 213 set me up well in my role - knowing the key differences between all the business forms, Chapter 7 vs. Chapter 11 bankruptcy, and obviously all the loan terminology comes up on a daily basis. I'm really glad I took your class!” --Sean Bivins, W '17

The course fulfills elective requirements for 6 Concentrations, Majors or Minors:

- Wharton Legal Studies and Business Ethics
- Wharton Entrepreneurship and Innovation/Management
- Wharton Social Impact and Responsibility
- SAS Legal Studies Minor
- SAS Science, Technology and Society Major with permission

Course Materials:

(1) Bagley & Dauchy, *The Entrepreneur's Guide to Law and Strategy* (5th ed. 2018) and
(2) Materials posted on canvas.

- **Readings & Assignments** may be subject to change. **Please check canvas.**
- **Assignments:** must be *typewritten and timely*. *Please submit both hard copy in class & on canvas.*

Course Engagement: Class Participation & Blog Postings are mandatory and will be graded.

- **Blogs:** Response to a prompt posted in the canvas *Discussions* folder due Sundays at 11:59 pm.

Exams: 1) in-class mid-term examination & 2) final examination. No books or notes. No exceptions permitted.

Grading: Grading will be broken down as noted below.

- **Exams:** midterm (30%); final (30%); **Assignments:** 25%; **Class Engagement: Participation & Blog:** 15%
- **Extra Credit: Class Research project** of student's choice/interest

Lunch with Professor: I look forward to having lunch with you! There are 2 options:

- 3-7 students sign up on the canvas Appointments Calendar & we go anywhere we please, or
- 1-2 students invite me out, and we go to a designated prepaid place

- CLASS 1: INTRODUCTION; OVERVIEW OF BUSINESS LAW AND ENTREPRENEURSHIP ISSUES**
Readings: Bagley, Preface; Materials on canvas
- CLASS 2: U.S. LEGAL SYSTEM I: U.S. COURT SYSTEM; SUBJECT MATTER JURISDICTION; LIFECYCLE OF A LAWSUIT; HOW TO BRIEF A LEGAL CASE**
Readings: Bagley Chapter 1; Materials on canvas
- CLASS 3: U.S. LEGAL SYSTEM II: PERSONAL JURISDICTION OF COURTS**
Readings: Bagley Chapter 10, pp. 287-91; Materials on canvas
Assignment: Written Brief of Vetrotex case
- CLASS 4: U.S. LEGAL SYSTEM III: ALTERNATIVE DISPUTE RESOLUTION**
Readings: Bagley Chapters 8 & 9 – pages posted on canvas; Materials on canvas
In-Class: Mock mediation of the Vetrotex case
- CLASS 5: THE COMMON LAW, UCC & BUSINESS RISKS I: MANAGING RISKS WITH CONTRACTS**
Readings: Bagley Chapters 9 & 10 – pages posted on canvas; Materials on canvas
In-Class: Role Play Apple customer invoking 1-year warranty v. 15-day return policy
- CLASS 6: THE COMMON LAW, UCC AND BUSINESS RISKS II: MANAGING “BUSINESS TORTS”**
Readings: Bagley Chapters 8, 10 & 11 – pages posted on canvas; Materials on canvas
- CLASS 7: DUTIES TO EMPLOYER I: COMMON LAW, NON-COMPETE & RESTRICTIVE COVENANTS**
Readings: Bagley Chapters 2 & 14 – pages posted on canvas; Materials on canvas
- CLASS 8: DUTIES TO EMPLOYER II: RESTRICTIVE COVENANTS AND INSURANCE**
Readings: Bagley Chapters 3 & 11 – pages posted on canvas; Materials on canvas
Assignment: Draft & bring to class Restrictive Covenants based on posted hypothetical
- CLASS 9: CHOICE OF BUSINESS FORM I: SOLE PROPRIETORSHIPS, PARTNERSHIPS & TAX ISSUES**
Readings: Bagley Chapter 4; Materials on canvas
Assignment: Written Risk Management Policy for a business
- CLASS 10: CHOICE OF BUSINESS FORM II: CORPORATIONS, LLCs & TAX ISSUES**
Readings: Choice of Business Form II Materials on canvas
- CLASS 11: LAUNCHING THE BUSINESS: CORPORATE GOVERNANCE & TAX ISSUES**
Readings: Bagley Chapters 5 & 6 – pages posted on canvas; Materials on canvas
- CLASS 12: CROSS-BORDER TRANSACTIONS: GOING GLOBAL & AFFILIATING ABROAD**
Readings: Bagley Chapters 10 & 12 – pages posted on canvas; Materials on canvas
- CLASS 13: MID-TERM EXAMINATION THROUGH CLASS 12 (IN CLASS) NO EXCEPTIONS**
- CLASS 14: FINANCING A BUSINESS IA: CREDITOR RIGHTS AND DUTIES**
Readings: Bagley Chapters 7 & 12 – pages posted on canvas; Materials on canvas
Assignment: Prepare 6-word description or limerick of 1 case holding for class recitation 😊
- CLASS 15: FINANCING A BUSINESS IB: BANKRUPTCY**
Readings: Bagley Chapter 12, pp. 414-37; Materials on canvas
- CLASS 16: FINANCING A BUSINESS IIA: SECURITIES LAW I**
Readings: Bagley Chapters 7 & 16 – pages posted on canvas; Materials on canvas

- CLASS 17: FINANCING A BUSINESS IIB: SECURITIES LAW II**
Readings: Bagley, Chapter 17; Financing a Business Materials IIB on canvas
Assignment: Written plan of liquidation or reorganization for a distressed business
- CLASS 18: FINANCING A BUSINESS IIIA: VENTURE CAPITAL AND PRIVATE EQUITY I (GUEST LECTURER)**
Readings: Bagley Chapter 13; Materials on canvas
- CLASS 19: FINANCING A BUSINESS IIIB: VENTURE CAPITAL AND PRIVATE EQUITY II**
Readings: Financing a Business Materials IIIB on canvas
In-Class: Present various deal term provisions of VC term sheet
- CLASS 20: BUYING OR SELLING A BUSINESS: MERGERS AND ACQUISITIONS I**
Readings: Bagley Chapter 16; Materials on canvas
- CLASS 21: BUYING OR SELLING A BUSINESS: MERGERS AND ACQUISITIONS II (GUEST LECTURER)**
Readings: Buying or Selling a Business Materials on canvas
- CLASS 22: CYBER SECURITY AND PRIVACY (GUEST LECTURER)**
Readings: Cybersecurity Materials on canvas
- CLASS 23: VENTURE CAPITAL/PRIVATE EQUITY (GUEST LECTURER)**
Assignment: Written outline of a business plan
- CLASS 24: EMPLOYMENT LAW I: EMPLOYEES; “AT WILL”; INDEPENDENT CONTRACTORS**
Readings: Bagley Chapter 8, pp. 193-247; Materials on canvas
- CLASS 25: EMPLOYMENT LAW II: DISCRIMINATION; HARASSMENT; BENEFITS, POLICIES, SEVERANCE**
Readings: Employment Law II Materials on canvas
- CLASS 26: INTELLECTUAL PROPERTY LAW I: COPYRIGHT**
Readings: Bagley Chapter 14 – pages posted on canvas; Materials on canvas
- CLASS 27: INTELLECTUAL PROPERTY LAW II: PATENT AND TRADEMARK (GUEST LECTURER)**
Readings: Bagley Chapter 14 – pages posted on canvas; Materials on canvas
- CLASS 28: EXTRA-CREDIT PRESENTATIONS**